

## Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-03  
INR-10 NSAE-00 ICA-11 TRSE-00 XMB-02 OPIC-03  
SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-07  
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FM AMEMBASSY CAIRO  
TO SECSTATE WASHDC 8417  
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E.O. 11652: N/A  
TAGS: ECON, PINT, EG  
SUBJ: PEOPLES ASSEMBLY ENDORSES GOE STAND ON PROFITEERING

REF: (A) 77 CAIRO 23166, (B) 77 CAIRO 20004,  
- (C) 77 CAIRO 19407

1. AS REPORTED REFTELS, MINISTER OF TRADE TEWFIK PROPOSED CONTROVERSIAL REGULATIONS MORE THAN ONE YEAR AGO TO LIMIT PROFITS ON IMPORTED GOODS. TEWFIK WAS OPPOSED - FROM MOMENT HE PROPOSED REGULATIONS BY IMPORTERS WHO MEMBERS. HE WAS FORCED TO POSTPONE IMPLEMENTATION OF HIS PROFIT LIMITING PLAN BECAUSE OF THIS OPPOSITION. DECREE 119, HOWEVER, FINALLY WAS ENFORCED IN NOVEMBER 1977. CONCERNED PEOPLES ASSEMBLY MEMBERS, LED BY FORMER CENTER PARTY, NOW WAFD MEMBER, ELAWI HAFEZ, IMMEDIATELY CALLED FOR OFFICIAL INTERPOLATION OF MINTRADE TEWFIK. THESE ORIGINAL PROTESTS, IT MIGHT BE NOTED, WERE MADE AT TIME OF CONSIDERABLY MORE STABLE INTERNAL ECONOMIC SITUATION WHEN IT APPEARED POSSIBLE TO PROTECT INTERESTS OF IMPORTERS WITHOUT DAMAGING INTERESTS OF CONSUMERS.

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2. HAFEZ'S INTERPOLATION FINALLY REACHED PA AGENDA APRIL 24. IN EMOTIONAL FIVE-HOUR SPEECH, HAFEZ ATTACKED GOVERNMENT ECONOMIC POLICIES, IN GENERAL AND IMPLEMENTATION OF DECREE 119 IN PARTICULAR. AT ONE POINT HE BECAME SO ABUSIVE, ACCORDING TO PRESS REPORTS, THAT HE HAD TO BE PHYSICALLY CARRIED FROM HALL IN ORDER TO RESTORE PEACE. HAFEZ SPOKE IN DEFENSE OF FREE ENTERPRISE AND "RIGHT"

OF IMPORTERS TO BE GIVEN PROFIT INCENTIVE IN CONFORMANCE WITH OPEN DOOR POLICY. SIGNIFICANTLY, AND IN CONTRAST TO PREVIOUS WEEKS' PA SESSIONS, HAFEZ RECEIVED SUPPORT OF ONLY SOCIALIST LIBERAL PARTY CHAIRMAN MUSTAFA KAMEL MURAD.

3. MINISTER OF TRADE/SUPPLY TEWFIK TOOK TO THE ATTACK IN HIS REPLY. OPEN DOOR POLICY, HE SAID, DOES NOT MEAN CONSUMERS MUST STAND UNPROTECTED AGAINST PROFITEERING. HE PRESENTED EXAMPLES (OBVIOUSLY CAREFULLY SELECTED) TO SHOW THAT PROFITS OF 400 TO 600 PER CENT ON IMPORTED ITEMS NOT UNCOMMON. PRESIDENT SADAT HIMSELF HAD INSTRUCTED PRIME MINISTER NOT TO TOLERATE PROFITEERING, ESPECIALLY IN SUPPLY OF FOOD.

4. ASSEMBLY SESSION ENDED WITH FIRST-EVER JOINT CENTER PARTY/WAFD ENDORSEMENT OF MINISTERIAL DECREE 119.

5. COMMENT: DEBATE ON MINISTERIAL DECREE 119 PROVED TIMELY LIFT FOR BELEAGUERED SALEM GOVERNMENT. JUST TWO WEEKS AGO ATTACK ON GOE ECONOMIC POLICIES DREW BROAD SUPPORT FROM SALEM'S OWN CENTER PARTY AS WELL AS OPPOSITION. GIVEN PREVIOUSLY EXPRESSED OPPOSITION TO DECREE 119, ONE WOULD HAVE EXPECTED MORE OF THE SAME.

6. ENDORSEMENT, ALTHOUGH POSSIBLY NOT INTENDED AS SUCH BY LIMITED OFFICIAL USE

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OPPOSITION PARTIES, PROVIDED MUCH-NEEDED SUPPORT FOR GOE'S ANTI-INFLATIONARY EFFORTS AT IMPORTANT POLITICAL JUNCTURE. MINTRADE TEWFIK WAS ELATED WHEN HE DESCRIBED "VICTORY" TO AMBASSADOR DAY AFTER PA DEBATE. HE SAID THAT FOLLOWING DEBATE ON PRICES IN WHICH MEMBERS OF CENTER PARTY HAD ATTACKED GOVERNMENT POLICIES, PM SALEM HAD LET IT BE KNOWN HE EXPECTED TIGHTER PARTY DISCIPLINE DURING PA SESSIONS. POSITIVE RESULTS OF HIS ATTEMPTS TO MARSHALL CENTER PARTY WERE CLEARLY VISIBLE ACCORDING TO TEWFIK AT PA SESSION ON DECREE 119. IN ADDITION TEWFIK SAID HIS FIGHT AGAINST PROFITEERING AND HIGH PRICES CLEARLY HAS POPULAR SUPPORT AND PA MEMBERS COULD HARDLY HAVE CRITICIZED DECREE 119 PUBLICLY WITHOUT GOING AGAINST POPULAR OPINION. HE THEREFORE HAD NO PROBLEM IN LINING UP BROAD BASE OF SUPPORT FOR RESOLUTION ENDORSING HIS CONTROVERSIAL DECREE. EILTS

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## Message Attributes

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**Channel Indicators:** n/a  
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**Decaption Date:** 01 jan 1960  
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**Disposition Comment:** 25 YEAR REVIEW  
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